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TUESDAY,  
APRIL 30, 1954

# THE JERUSALEM POST

PRICE: 100 PRUTA  
VOL. XXX, No. 7647

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## Marginal Column

By SEVY LAQUIN

THE Supreme Soviet of the USSR will convene today for one of its short and infrequent sessions, and though important statements of policy are not the rule on such occasions, more hints will probably be provided to enrich our knowledge regarding the balance of power in the Soviet leadership. History shows that rule by drummajor (now called in Russia "Collective Leadership") has never lasted long; this lesson indeed appears to be so obvious that one is spared the necessity to quote chapter and verse. Signs accumulate to indicate that the present set up probably will not continue for very long in Moscow; they all point to the growing influence of N. Khrushchev, the Secretary General of the Communist Party (who celebrated his sixtieth birthday over the weekend and was awarded another Order of Lenin). And even if these signs cannot tell one who is to prevail in the struggle between Malenkov and Khrushchev, the very deepening of the rift reveals an interesting situation.

Khrushchev, according to most outside observers, has exceeded his competence and jurisdiction as Party Secretary, even if one takes into account that according to Soviet law the Party is the driving force in the State, and Khrushchev is its Secretary. Agriculture is considered the main issue in the Soviet Union at the present time, and Khrushchev has made all the central reports on the situation in that field and the tasks ahead: on animal husbandry (September 3 of last year), on the machine tractor station (January 28, 1954), on the State farms (February 5, 1954), on advanced workers in agriculture (February 15, 1954), on grain deficiencies (February 23, 1954), on reclamation and development of virgin soil (March 6, 1954), and so on. He has charged government ministers such as Mikoyan and Demidov with responsibility for what has occurred, though he has no formal authority to do so. It can be argued, of course, that Stalin, too, had ruled the Soviet Union long before accepting a post in the government, but it is probably not quite in accordance with the principles of collective leadership for Khrushchev to return to this practice.

IN the meantime, a wholesale reshuffle, amounting to a cold purge among the leading Party Secretaries of the various Soviet Republics and the Soviet districts has been carried out by Khrushchev. In such reshuffles, as in the case of Kazakhstan and Georgia all three leading Secretaries have been replaced; in many others, two (Azerbaijan, Moldavia, Kirghizia, the Ukraine, or at least one (Lithuania, Tadzhikistan, White Russia etc.). Other straws in the wind have been noted by Mr. Vashishvili in an article in the "New Leader": Khrushchev, as Party Secretary, appointed himself head of the Soviet Communist Party delegation to the Polish Party Congress, and the entire Polish Politburo journeyed to the frontier to greet him — a step unprecedented in etiquette. In the March 5 issue of "Truth," Comrade Zelenov, praising Stalin on the anniversary of his death, mentions the fact that during World War II the Central Committee of the Party assigned Bulgakov, Khrushchev, and other members directly to military work. But Malenkov, too, took a prominent part in military work. He was the driving force in the State Defence Committee and came to Stalin's aid in its most critical hour. Why is he relegated to "other members"?

FIGURES and similar facts tend to show nothing but the existence of a tug-of-war. Some observers explain Malenkov's passivity on the ground of clever tactics — Khrushchev, they argue, is over-extending himself; the deeper he is involved in the farm crisis the more vulnerable he becomes. Be that as it may, we all have learned by now that conflicts in a totalitarian regime, though appearing frequently unimportant and even trivial to the outside observer, in the long run cannot be solved other than by the liquidation of the rival faction, as outlets which exist in the democracies in such cases are absent there.

Jerusalem, April 29.

## USSR Insists on China's Inclusion in Arms Talks

NEW YORK, Monday. — Mr. Andrei Vyshinsky of Russia told the U.N. Disarmament Commission that Russia would veto against Britain's proposal for five-power talks on disarmament if the Commission rejected his call for the inclusion of India, People's China and Czechoslovakia in the talks.

Earlier in the meeting, Britain appealed to Russia not to press her request that these three states should be included in the planned new talks on atomic weapons control and disarmament. Sir Piercy Dixon told the Commission that Britain could only find the Soviet amendment to the proposal for big power talks "unhelpful."

The proposal put forward by Britain is for a subcommittee comprising Canada, France, the U.S., Britain and the USSR to begin private talks on disarmament this week.

Lebanon Backs Russia  
Edward Rishi of the Lebanon supported the proposed inclusion of India and Czechoslovakia. He said that the presence of these two countries on the subcommittee "would enhance its chances of success." But he considered that the question of a representative of People's China was a "political and juridical nature."

He asked that the Soviet amendment should be voted on by the committee.

Mr. Vyshinsky complained last week that the proposed subcommittee would be "one-sided," and warned that the talks would lead only to "negative action."

Sir Piercy told today's meeting that there were many sensible and convincing arguments in the Russian amendment. From a practical and common-sense point of view it was these countries which would have to make progress before the process of agreement could be extended. If not, no other group could succeed, he maintained.

Mr. Vyshinsky, however, described the proposal of Indian Premier Nehru for a "standstill" agreement on hydrogen bomb explosions as "certainly a step forward" and urged India's inclusion in the subcommittee.

"Admirable Initiative"  
He said that Mr. Nehru's proposal made in the Indian Parliament recently was "an admirable initiative of the Government of a great country which has displayed tremendous interest in the work of the Disarmament Commission."

He declared that the Soviet proposal for prohibition of atomic and hydrogen weapons was "a genuine, real practical proposal." We are not less interested now when we have it," Mr. Vyshinsky added. "We have demanded the prohibition of hydrogen bomb although we have built the hydrogen bomb."

## CIO Donates \$100,000 For Eilat Labour Centre

NEW YORK, Monday (INA). — The Philip Murray Memorial Foundation, created in honour of the late President of the CIO, today presented a \$100,000 contribution to the Histadrut for the construction of a Philip Murray labour centre in Eilat. The centre will serve as a cultural and educational rallying point for trade unionists in Eilat, and the entire Negev area. Israel trade unions will contribute the extra money needed to complete the project. The \$100,000 cheque was presented to Mr. Moshe Bitan, American representative of the Histadrut at the annual Histadrut "Third Seder" at the Waldorf Astoria Hotel which was attended by some five thousand people.

## \$50,000 DONATED FOR CANCER RESEARCH HERE

NEW YORK, Monday (INA). — A contribution of \$50,000 to conduct cancer research in the Miriam Levy Pinn laboratories at the Weismann Institute in Rehovot was made last week on behalf of the Joseph and Helen Levy Foundation. The cheque was presented to Mr. Abraham Feinberg, President of the Weismann Institute.

**Our best wishes to the Management of the American-Israeli Gas Corporation Ltd. (AMISRAGAS)**

on the opening of the storage and filling plant in Haifa

**THE STAFF**

## UN Security Council Postpones Meeting

NEW YORK, Monday. — The U.N. Security Council meeting on Israel-Arab relations scheduled for today has been postponed until Thursday. The reason given was the illness of the Lebanese delegate, Dr. Charles Malik. This is the second postponement. The first was because of Soviet delegate Andrei Vyshinsky's indisposition.

Meanwhile, reports from Beirut said that the Arab states have been unable to agree on a joint course of action if the Council overrules their demand for a separate debate on the Nalim incident.

The Arab News Agency announced that the Lebanon and Jordan are pressing for a walk-out, while Egypt and the other Arab states oppose any extreme action. For the time being Dr. Malik has been instructed to use his own judgment and to keep his Government closely informed on the proceedings.

## ITZHAK TO U.S. AMMAN Monday (Reuters).

Major Mohammed Itzhak, Jordan's chief military delegate to the Jordan-Israel Mixed Armistice Commission, will leave here tomorrow for New York.

He said today that he would attend as adviser to the Jordan Ambassador during the Security Council's deliberations on the Israel-Jordan dispute.

## 18 Infiltrator Clashes in Week

Defence forces clashed 18 times with gangs of infiltrators in the week ending April 15, killing two, wounding three and capturing one, the Army spokesman announced yesterday.

Twelve of the clashes took place on the Israel-Jordan border, five on the Israel-Jordan border and one on the Israel-Syrian border. In the same period, marauders crossed into Israel 11 times to harvest crops and to graze flocks.

Two bursts of fire from automatic weapons hit a point vehicle which was travelling on the Shomera-Eilat road, near the Lebanese border, on Sunday evening. The Army spokesman announced yesterday. Four holes were found in the car, but none of the passengers was hit.

Israel has submitted a complaint to the Mixed Armistice Commission and has demanded an emergency meeting to discuss the incident.

On the same day, an Israel unit opened fire on and put to flight a group of Arabs harvesting the fields of Yagor settlement near the Gaza Strip, the spokesman said.

Last Friday, a group of Arabs harvesting the fields of Mefalim settlement nearby took to their heels when an Israel unit approached. The Israel unit fired from across the Armitice Lines, but it sustained no losses.

"A-Difra," Old City daily, reported yesterday that the U.S. chairman of the Israel-Jordan Mixed Armistice Commission, Commander E. H. Hutchison, is awaiting instructions from New York on future M.A.C. meetings.

The M.A.C. has not met since Israel failed to attend a meeting called to discuss the Nalim incident. Jordan complained that the Israel unit might be planning action against the settlement taken against Israel even if the latter does not attend.

Jordan yesterday submitted two more complaints to the M.A.C. The first charged that Israel soldiers had crossed into the Latrun no-man's-land and had engaged Jordan National Guardsmen for 15 minutes. The Israelis were said to have then withdrawn, leaving behind them seven boxes of ammunition. Bloodstains allegedly were found on the ground.

The second complaint said that Israelis had opened fire on Budrus village, near Kibya.

## Infiltrators Harvest Negev Barley Crop

BEERSHEBA, Monday. — A Kfar Olladi was harvested by infiltrators in the Negev last week in a major irrigation project in Israel will be shipped from New York early this week. It was announced by the Jewish Agency, which had financed the purchase. The total purchase, consisting of nine centrifugal pumps and nine Diesel engines is consigned to the Mekorot Water Co. The first consignment will leave on the Israel freighter Haeletia Shalom.

The Shm. contract with the Worthington Corporation, manufacturers of the equipment, was signed in July, 1953. The company required nearly two years to design and build the highly specialized equipment.

It will be installed in three pumping stations in Israel to carry water from the Yarkon River to the Negev — a distance of some 70 kms. It will supply water for irrigation and other purposes to existing agricultural settlements and make possible the establishment of many new villages.

Shipping Boycott  
Twenty shipping companies have informed the Arab League's Boycott Office that they have suspended their lines to Israel ports. ANA reports from Alexandria.

## US Not Likely to Send Army To Indo-China, Dulles Says

Attackers Close In On Dien Bien Phu  
HANOI, Monday (UP). — Overwhelming Vietminh forces further tightened their noose around embattled Dien Bien Phu after capturing an outpost north of the fortress's strategic airfield, the French High Command announced late tonight.

The announcement came as a bitter battle raged for possession of the airfield, a scarce 2,000 yards north of the fortress's centre. Despite furious French counter-attacks, the High Command admitted that one-quarter of the landing field is in Vietminh hands now.

Violent fighting flared up when the garrison of the northern outpost began pulling out at dawn today to rejoin the main French defense lines in the South. The evacuation was completed by noon.

(In France, War Secretary Pierre de Chevigne announced that nearly all the paratroopers in Indo-China had been dropped into the battle zone. He disclosed that urgent reinforcements of skytroopers are being rushed from France to allow commitment of the airborne troops in Tonkin. "To aid our comrades at Dien Bien Phu, we are throwing all our forces into the battle," he said.)

Some of the bystanders claimed that the Vietminh had gathered at the airport, shouting, "Don't let her go," and tried to hold up the Soviet Embassy officials who were escorting Mrs. Petrova to the plane. They dragged away the gangway to the plane, and finally Mrs. Petrova had to be virtually carried to the aircraft.

Some of the crowd aimed blows at the escorts, and pulled their shoes in the scuffle.

Mrs. Petrova lost both her shoes in the scuffle. She called out: "Save me, I don't want to go," but she made no request for asylum to the airport authorities.

Canberra, Australian Premier Robert Menzies said "if there was any doubt at all" whether Mrs. Petrova was forced on the plane, the Australian Government would give her a further opportunity at Darwin to decide whether she wants to stay in Australia. He stressed, however, that he had received no evidence that Mrs. Petrova had left Sydney under compulsion, adding that she was accompanied by Foreign Minister Nam II, who was chief Communist negotiator at the Korean truce talks at Panmunjom.

Four Soviet Embassy officials were to have accompanied Mrs. Petrova by way of Rome and Zurich. The Embassy refused a last-minute request to see her by her husband, Mr. Vladimir Petrov, who had fled off the current Australian espionage inquiry when he sought asylum with the Australian authorities.

Begin Asks For New Government  
Jerusalem Post Reporter  
TEL AVIV, Monday. — Addressing the third convention of the Herut Party at Z.O.A. Home here tonight, the party leader, Mr. Menachem Begin, in a long address, appealed for a new government "to improve conditions in Israel."

This new government, he said, should be based on a new constitution stressing human rights. Censorship should be abolished, freedom of the press should be restored, and the stabilization of currency, prices and wages, and the abolition of government waste and bureaucracy.

Mr. Begin charged the Government with failure in many fields. Production was at present only 25% to 40% of its potential; immigration was now lower than it had been under the White Paper of 1939 or under Mr. Ernest Bevin in 1947. Security had reached a low ebb, far lower than during the Arab riots of 1936-1938, while casualties were now greater than in 1948.

The convention, which will continue for two days in closed session, was opened by Mrs. Esther Rabin-Naor, who is being attended by 300 delegates from 61 party branches and 24 members.

South Korea Agrees To Attend Parley  
SEOUL, Monday (Reuters). — President Syngman Rhee announced today that South Korea would attend the Geneva conference, but if it failed he hoped America would realize that "the Communists would be both futile and perilous."

He said that the conference must be the last attempt at the unification of Korea by peaceful means. He added that South Korea had received "very clear and encouraging assurances from the U.S. which enable us to go to Geneva with confidence and considerable hope."

"We hope that if and when the Geneva conference has failed the U.S. and our other friends will join with us in employing other means to drive the enemy from our land," he said in a press statement.

South Korean Ambassador You Chang Yang in a statement in Washington last night said that his nation would take part in the Geneva conference "after being assured that American aid in greatly increasing the South Korean army, and that a prime objective of the conference would be to reunite all Korea and eliminate all Chinese troops from that country."

The Ambassador added that these assurances were contained in a message from President Eisenhower delivered to President Rhee on Saturday.

Before leaving Seoul for Tokyo today, South Korean Foreign Minister Pyun Tung Tai said that his delegation would not remain in Geneva "much more than 90 days."

## Confident West United on Geneva

AUGUSTA, Georgia, Monday. — Secretary of State Dulles said after a conference with President Eisenhower today that it was "unlikely" that American troops would be sent to Indo-China if the French forces were withdrawn.

But he emphasized that he was expressing his own opinion and was not speaking for the President. He was answering questions against the background of Vice-President Nixon's statement last Friday that American troops might have to be moved there if the French forces withdrew.

Mr. Dulles stressed that Indo-China was an area of vital concern to the free world, including the U.S. "I leave for Geneva confident that the Allies are closer than ever before to a unity of purposes with respect to world problems," he stated.

Prefers Pact First  
The Secretary of State also said in effect, that he would prefer to finish the Geneva conference with a 10-nation South-East Asian Defence bloc before a discussion of the Indo-China crisis comes up at Geneva. However, he added, the timing of the Indo-China discussion was unpredictable, and no agreement existed as to the nations who would participate in such a debate.

Mr. Dulles will meet with Republican and Democratic Congressional leaders tomorrow to discuss the results of his recent trip to London and plans for the Geneva conference.

He is also to meet representatives of Vietnam, Cambodia, Laos, the Philippines, Thailand, Britain, France, Australia and New Zealand.

To Discuss Geneva  
State Department spokesman Jamison Parker said today that Mr. Dulles will discuss with the ambassadors of those countries both the Geneva conference and the U.S. proposal for a South-East Asian pact against Communism.

French delegate Henri Hoppenot supported the British position but paid tribute to the importance of India in the world and the U.N. Mr. Hoppenot said France considered the subcommittee was part of the Geneva conference, and that the U.S. proposal should include states on the Commission. (Reuters, UP)

Support for an Indo-China truce without a political settlement would be a change in official British policy. No firm British proposal has yet been put forward, they added.

With less than a week to go, the U.S., Britain and France still are basically divided on what to do at the Geneva conference to end the Indo-China war. There is still no basic agreed policy.

Officials said all that appeared agreed upon so far is that if Geneva fails to produce results, the West will push ahead with the establishment of the projected South-East Asia collective defence alliance advocated by U.S. Secretary of State Dulles.

Western officials are currently seeking a joint approach to the Indo-China issue in discussion in Paris. But it appears that the Big Three Foreign Ministers will themselves have to make an all-out effort to reach a policy. They met in Paris last night for the N.A.T.O. Council meeting.

Britain will press hard for every effort to be made to reach a settlement at Geneva. But she would not settle for a truce which would give the Communists a free hand to take over the country by cold conquest, the officials concluded.

Indian Stand on US Aid Delays Kashmir Settlement  
KARACHI, Monday (Reuters). — Prime Minister of Pakistan Mohammed Ali Jinnah said today that India's attitude to U.S. military aid to Pakistan was hindering the settlement of the Kashmir dispute. "There can be no friendship between India and Pakistan while this dispute is not satisfactorily resolved," he added.

Some progress had been made as a result of the efforts of the two Prime Ministers, and following this relations between the two countries "had begun perceptibly to improve," he said. "It is most regrettable that progress should have been checked by misunderstanding over the military aid issue."

Shishakly's Brother Fined for Smuggling  
The Syrian Government has ordered the family of Salah Shishakly, brother of the deposed dictator, to pay a fine of £1,150,000 for smuggling goods into the country. ANA reports. It is charged that, as head of the Syrian customs service, Salah Shishakly had been personally engaged in large-scale smuggling.

Philippines Not Ready For Pacific Pact  
WASHINGTON, Monday (UP). — President Ramon Magway of the Philippines said in an interview today that it was difficult for his country to join in a Pacific defence pact because "we must first attend to our own problems, before anything else."

The newly inaugurated President was interviewed in Manila recently by a correspondent of the American magazine "U.S. News and World Report." He was specifically asked about the Pacific Pact. President Magway replied: "Right now we have homework to do. Our house is leaking very badly. If we don't repair it, the Communists will not need an invasion force to capture the Philippines."

Tourist Quiz...  
Did You Know That...  
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PALESTINE ECONOMIC CORP. USA  
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# Economic News from Abroad

The first cargo of Middle Eastern crude oil has been shipped to a Texas refinery by the "Arabian Independent Oil Company," operating in the neutral zone between Saudi Arabia and Kuwait, and more shipments are likely. Texas producers have been ordered to slow their output, to keep it in line with demand, but the Middle East oil production is kept on a high level. The U.S.A. duty on crude oil was reduced in 1954 from \$0.22 to \$0.0235 per barrel.

Germany's foreign trade surplus in February was the highest on record with DM 200m. The indications are that the high level of exports will continue. The German surplus with the ECU is expected to exceed \$1,000m. shortly. Foreigners are now permitted to establish fully convertible DM accounts with German banks or the Post Office.

Brazil's merchant fleet is to be modernized by the acquisition of 24 cargo vessels at a cost of about \$10m. Replacement of passenger ships is required as the fleet is old.

Wine imports into the UK rose in 1953 to 10.2m. gallons. Of this a quarter came from France. The trend of consumption in recent years was to the light wines. Cost rather than taste is the governing factor.

## THE JERUSALEM POST

Founded as The Palestine Post in 1922. Published daily except on Saturdays in Jerusalem by The Palestine Post Limited, Registered at the G.P.O.

Founder and Editor: GERSHON AGNON

Tuesday, April 20, 1954  
Volume 17, 5714—She'arim 17, 2773

### THE NEW PRICE FOR BARLEY

going into effect on May 1 means practically that this commodity too will be based on IL.18 per dollar rate of exchange.

### POULTRY PLANNING

This step is to be commended highly. Nor will anyone regret the abolition of the control of the grain fodder market, which has long since been little more than a farce. In other respects, however, the optimistic note struck by the Food Controller ought to be taken with caution. We are promised that encouraging local production of eggs and table fowl, preventing bread from being used for poultry fodder and diverting local wheat to human consumption will save foreign currency. There will be an increased supply of eggs and fowl, so that eggs may come off the ration list, and the reduced "black" meat prices are to bring to an end any slaughtering of high-yielding milch-cows.

Upon closer inspection, however, these "truths" appear less certain and even less joyful. Agricultural planners know well that poultry raising is the most expensive branch of our farming both in currency as well as in land and water resources. Only a couple of months ago the proposals to raise the number of laying hens to 1.5-2 million were discarded by the Joint Planning Centre of the Israel Government and the Jewish Agency and in spite of bitter protests the programme published with the blessing of the Ministry of Agriculture envisaged no addition to the present official 2.25 million. Now the Government has not removed any ceiling, but is actually putting a premium upon a further expansion of poultry raising by promising an ample supply of cheap fodder and thus higher profits.

Black market barley prices range at present from IL.200 to IL.230 per ton, but the Government is offering unlimited quantities at IL.125 and pledges to see to it that prices do not rise above IL.140 per ton. This would leave the producer a wide margin of profit, even if he sells the eggs at the official price of somewhat more than 60 pruta. Farmers selling at free prices will get even bigger profits (though they must pay "black" prices for proteins, vitamins, etc.) and raising fowl for the table will remain much more profitable than producing eggs.

The free prices, coupled with guaranteed supply, will therefore inevitably lead to a vast expansion of poultry farming and a corresponding increase of the demand for fodder. The local crop is even at the most optimistic assumption sufficient to cover the present demand even if all the wheat is thrown into the trough. The added quantity will thus have to be imported and we will find ourselves spending more foreign currency for the luxury of consuming more expensive food. And should the supply of barley be cut by demand bread will again be used as a substitute for fodder.

But it is a mere delusion to expect the ensuing rise in the output of eggs to reduce egg prices to the official level. It is much more likely that when the market too eventually is decontrolled eggs will be priced but somewhat lower than the present free quotations. This will result in a rise of up to 3 points in the cost-of-living index and a further step up the inflationary ladder.

Nor is the increased supply of fowl likely to reduce the black price for meat (at present up to IL.1,000 are paid for a cow) as the meat is still uncensored slaughtering of dairy cows unprofitable. Quite the contrary: by giving a push to poultry farming, without a parallel rise in the income of dairy farmers, the Government is likely to tip the scales in favour of this less essential branch of our agriculture and induce farmers to reduce their stock of dairy cattle.

Whether chickens are fed on bread or on barley they consume foreign currency all the same, and represent the least efficient and the most inflationary use of IL. The only way to stop this drain is to make poultry growing less profitable, not to encourage it. Have the Ministers ever considered importing egg powder, which is cheap enough and has proved an efficient substitute not only for eggs but for meat also?

# HOUSING TARGET and INFLATION

By Our Economic Editor

THE governmental planning bodies have been either disarmed or severely reduced, but oddly enough, never were we presented with so many ambitious and long-term plans as in recent months. First came the seven-year agricultural plan proposed by the Joint Planning Centre and launched with official blessing amidst lively public discussion. Last week a four-year housing programme was put before the public at the opening session of the Engineers' and

Architects' symposium on "Public Housing" by the director of the Labour Ministry housing department. But while the agricultural development programme, subsequently cut to a more modest proportion, was greeted by most as too ambitious, criticism of the housing plan went to the other extreme.

A seven-year housing plan which worked out to 62,000 dwelling units was included in the memorandum submitted by the Ministry of Finance to the Jerusalem Conference of October, 1953. Of these, 20,000 units were to be erected in existing and new agricultural settlements, in order to provide for the absorption of additional farmers. The liquidation of the ex-mandate colonies for 12,000 permanent families for families still housed in huts. Of the remaining 42,000 units, one-third was to be for the Popular Housing scheme (3,000 units in the second stage of the present scheme and a similar area (whole of rural) and the other two-thirds according to more modest specifications (including 7,000 units in new areas in other development areas and in the second stage of the present scheme). The total cost of the erection of the 62,000 new dwelling units and the public buildings attached to them, including the 20,000 units, was put at IL.2,000m, which Government was required to supply 80 per cent.

### Quicker Building

The new plan is drafted along similar lines, but differs from the first version on two important points. First, it also takes into account private building activity, assuming it will provide on the average about 60 per cent of the public housing (including rural building). Second, it suggests that the whole of rural housing and replacement of the ex-mandate colonies be completed within the next four years, in fact almost all of it to be completed the first half of the four-year period, that is in 1954-1955. Total housing needs for the next four years, 1954-1958, are estimated at 80,000 dwelling units, of which private contractors and investors are supposed to erect 50,000, more or less evenly staggered over the whole period, and the public building, however, is to reach 15,000 units in the next two years and to drop to 10,000 units in the last two years. For the sake of comparison it is worth mentioning that the number of rooms completed all over the country last month was 1,000, according to the plan the average over the next four years is to be 45,000 rooms, or 11,250 units, which makes for 1954 and 1955.

### EXPLOITING JORDAN TOBACCO GROWERS

The plight of thousands of Jordan tobacco growers and their exploitation by the cigarette manufacturing companies that own the concession for the export of their crop, were reviewed in a memorandum submitted to the Jordan parliament last month. The two companies, the memorandum states, set very strict quality requirements, and low prices are paid for "inferior" qualities which make the bulk of the crop. The buyers resort to weight-fixing practices in order to depress real prices still further. They grant loans to the growers at 20 per cent interest.

### Subsidy Rebates By Other Name

WHEN the Finance Minister announced that he was abandoning the "subsidy rebate" plan, reporters asked how the Treasury would realize the plan. He replied, "I don't know. I am not a prophet. When I am asked to explain what this means, he is reported to have said, 'Well, in six months we shall change the name and adopt the plan again.'"

The subsidy rebate, proposed by Treasury and experts alike early this year, was designed to narrow the gap of recipients of subsidies to the needy. Obviously a double rationing system—one for the "rich" and one for the "poor"—was impossible. It was consequently proposed that residents earning above IL.4,000 should rebate to the Government part of the IL.50 annual subsidy they received. The rebate would be graduated for the number in the family and the amount earned.

### OVERHEADS RAISE GRAVEL PRICES

THE price of gravel for building and road making is to be raised shortly by at least 30 pruta per cubic meter, or crushing plant, i.e. by about ten per cent, because of increased wages and costs of fuel, electricity, transport, as well as the higher rate of exchange for spare parts of crushing machinery and other equipment. Costs of explosives because of new excise and customs charges. Gravel prices had remained practically unchanged for eight per cent of total building costs.

Daily gravel output does not exceed half of the existing capacity. The "Even" vis-a-vis quarries, which account for about 50 per cent of the output, do not feel the pinch, for they supply the heavy demand of Solel Boneh, but private producers, working for the open market, are in a depressed situation. In spite of this 20 organized crushers in the South, according to estimates at about 2,500 cubic metres daily, but output was about 1,500 from September to January and has dropped to less than 1,000 metres today. The big quarry of the "Rock Products Corporation" equipped with the most up-to-date American machinery and able to produce another 2,500 cubic metres of gravel in one working shift is operating at 30 per cent of capacity. The result is that overheads are much too high.

Producers are eagerly awaiting the allocation of the Development Budget and the outcome of various negotiations to finance housing projects. Meanwhile, sales of gravel are being pushed by extending credit up to six and nine months to contractors and municipalities.

### WEEK IN THE STOCK EXCHANGE

THIS was a short week for the stock exchange. The pre-holiday atmosphere added to the dullness and thinness of the market. The first few days of the period under report saw some recovery after a few weeks of relapse, at the weekend and yesterday the trend was mixed and some realization took place, probably for profit-taking and the need for cash. Some securities finished at slightly higher levels than in the previous week, others suffered further losses. Thus TALENT DOLLAR IMPROVED by 7 prutot, PALESTINE POTASH ordinary shares by 5 points, the preference shares by 3 points, PALESTINE ELECTRIC shares advanced by 5 points, the Israel Register lost 3 points, JERUSALEM ELECTRIC shares advanced by 3 points. Smaller gains for the week were recorded in ATA, KURDANEH shares and NESHIER. DEBENTURES, BANK L.E. UMI shares recorded by 3 points, THE SHITREI ERCHO MILVE MILHAMAH remained quietly firm.

### DISAPPOINTING REPORTS

Especially of some engineering companies, have caused profit-taking on the London stock exchange. On account of the approaching Easter holiday, business was restricted, towards the end of the period under report, the firm undertone returned. The outstanding feature was the strength of the gill-edged section on persistent section. In the foreign bonds subject to some selling, while the German bonds were strong on that Germany use her EPU. Daily index for Industrials was 168.4 against 167.5 last week.

WALL STREET reached new peaks when the Dow-Jones Averages for 30 Industrials came to 212.77 against 209.37 last week. The signs of the "easy money" policy caused a flurry of buying in industrials in the holiday shortened week. The present level of industrials is at its best since October 22, 1953. The considerable gains included Dupont, Allied Chemicals, General Electric, Bethlehem Steel, etc. Rails also had a few strong spots, while oil continued high. The New York market quickly recovered some losses caused at the beginning of the week by the Indo-China political uncertainty.

In Paris, a technical recovery was noted. Uncertainty about the political development in France caused some buyers to re-enter the cheap market, but the approach of the Easter holiday and the development of trading in London, the price of gold was slightly lower.

### TEI AVIV STOCK MARKET

APRIL 19	Rate
Govt. Loans	100
9% 1954 (reg.)	100
9% 1955 (reg.)	100
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1950/51 (IL.100)	100
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9% Govt. Bonds large	100
Tel. Aviv 1954	100
9% 1954	100
9% 1955	100
9% 1956	100
9% 1957	100
9% 1958	100
9% 1959	100
9% 1960	100
9% 1961	100
9% 1962	100
9% 1963	100
9% 1964	100
9% 1965	100
9% 1966	100
9% 1967	100
9% 1968	100
9% 1969	100
9% 1970	100
9% 1971	100
9% 1972	100
9% 1973	100
9% 1974	100
9% 1975	100
9% 1976	100
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9% 2092	100
9% 2093	100
9% 2094	100
9% 2095	100
9% 2096	100
9% 2097	100
9% 2098	100
9% 2099	100
9% 2100	100

## Groundnuts to Bring \$3m.

Jerusalem Post Reporter

A NEW export scheme for groundnuts has been approved by the inter-ministerial export committee with a view to the increased quantities expected next season. Hitherto, a premium of 400 pruta per dollar was paid to the exporters by the Ministry of Agriculture. It will apply only to one-half of the hard currency export proceeds, but for goods included in the general import programme exporters will be entitled to get import licences for an amount equal to the other half. Taking into account the free-market value of dollar allocations and the charges levied on exports, this works out at an overall premium somewhat higher than previously, of which less than half will be coming from Government funds.

The premium of about 400 pruta per dollar is necessary in spite of the excellent prices of \$120-133 per ton oil, which have been attained by Israel groundnuts in Britain, Belgium and other European markets and the high crops achieved by local growers. While 120 kg. per dunum is considered a fair average in other countries 300 kg. and over have been attained on irrigated land in this country. The best export groundnuts of the Virginia variety are grown on light soils, particularly in the Of Mond area. However, even there up to 20 per cent of the crop is unsuitable for export, for above prices are only paid for "hand-picked" produce, and the remaining 80 per cent, of inferior quality, is sold at a lower price, colour of shell, number of kernels etc. The three-kernelled Valencia variety fetches less certain and even less desirable. Agricultural planners know well that poultry raising is the most expensive branch of our farming both in currency as well as in land and water resources. Only a couple of months ago the proposals to raise the number of laying hens to 1.5-2 million were discarded by the Joint Planning Centre of the Israel Government and the Jewish Agency and in spite of bitter protests the programme published with the blessing of the Ministry of Agriculture envisaged no addition to the present official 2.25 million. Now the Government has not removed any ceiling, but is actually putting a premium upon a further expansion of poultry raising by promising an ample supply of cheap fodder and thus higher profits.

Black market barley prices range at present from IL.200 to IL.230 per ton, but the Government is offering unlimited quantities at IL.125 and pledges to see to it that prices do not rise above IL.140 per ton. This would leave the producer a wide margin of profit, even if he sells the eggs at the official price of somewhat more than 60 pruta. Farmers selling at free prices will get even bigger profits (though they must pay "black" prices for proteins, vitamins, etc.) and raising fowl for the table will remain much more profitable than producing eggs.

The free prices, coupled with guaranteed supply, will therefore inevitably lead to a vast expansion of poultry farming and a corresponding increase of the demand for fodder. The local crop is even at the most optimistic assumption sufficient to cover the present demand even if all the wheat is thrown into the trough. The added quantity will thus have to be imported and we will find ourselves spending more foreign currency for the luxury of consuming more expensive food. And should the supply of barley be cut by demand bread will again be used as a substitute for fodder.

But it is a mere delusion to expect the ensuing rise in the output of eggs to reduce egg prices to the official level. It is much more likely that when the market too eventually is decontrolled eggs will be priced but somewhat lower than the present free quotations. This will result in a rise of up to 3 points in the cost-of-living index and a further step up the inflationary ladder.

Nor is the increased supply of fowl likely to reduce the black price for meat (at present up to IL.1,000 are paid for a cow) as the meat is still uncensored slaughtering of dairy cows unprofitable. Quite the contrary: by giving a push to poultry farming, without a parallel rise in the income of dairy farmers, the Government is likely to tip the scales in favour of this less essential branch of our agriculture and induce farmers to reduce their stock of dairy cattle.

Whether chickens are fed on bread or on barley they consume foreign currency all the same, and represent the least efficient and the most inflationary use of IL. The only way to stop this drain is to make poultry growing less profitable, not to encourage it. Have the Ministers ever considered importing egg powder, which is cheap enough and has proved an efficient substitute not only for eggs but for meat also?

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### Government and Private Enterprise

By Our Economic Correspondent

THE successful conclusion of the negotiations between Fertilisers and Chemicals Ltd. and the Government (Treasury Ministry of Development) puts the spotlight on a problem which has for a long time troubled businessmen and economists alike. It boils down to the question whether the Government, while extending financial help to private enterprises, should take over part of the share and thus acquire a decisive influence on their management. The problem arose in a general form when the Government wanted to insure against devaluation the loans given to enterprises by either the Government or the cost of living index or demanding an adequate allocation of shares.

In the case of Fertilisers and Chemicals Ltd., the Government had already reserved the right to convert a loan of over IL.800,000 into shares when the money was granted last year. In fact, given loan after loan but remained in a minority on the board. When negotiations started recently between the Palestine Economic Corporation and the Government, the problem of the share was again brought to the fore.

There is a certain link between the position in Fertilisers and Chemicals Ltd. and that of the Electric Corporation. In both cases there is a private enterprise which conducted negotiations with the Government in respect to development financing. In such cases, the companies must of course, for the possibility of being brought out-right or of being bought under Government control. In considering this position, it must be borne in mind that these are enterprises which have the best prospects in the country. The demand for electric power is assured as is that for fertilisers, and the factory in Haifa is more

### Company Report

Workers' Bank Credits Mount

THE balance sheet of the Workers' Bank Ltd. shows the now familiar pattern of credits overrunning the accumulated deposits, with the gap being filled by Government deposits; but in some items there are interesting peculiarities.

While current accounts and savings rose approximately along the overall average from IL.11m. to IL.11.1m. (by 10 per cent), the rise in fixed deposits (by 40 per cent) was less than the average (67 per cent). Nevertheless, fixed deposits figure in the balance sheet at IL.13.3m., which is 40 per cent of the bank's total, and more than the current accounts of the bank. A considerable part of these sums have been deposited by the provident and pensions funds but it is yet to be seen whether this accumulation will continue now that the bulk of the money is to be siphoned off directly to the Treasury.

The Government's deposits have, on the other hand, risen by fully 80 per cent (from IL.7.4m. to IL.13.3m.), as compared with the average 10 per cent, presumably because of the comparatively large share of the bank's customers among the ultimate recipients of the productive credits financed by the bank. There was also a rise in IL.1.2m. in special loan funds. The same trend continued in 1953, with ordinary deposits staying at about the same level but additional sums deposited by the Government.

Loans outstanding, including bills discounted, were IL.12.4m. as compared with IL.14.3m. a year ago, i.e. a rise of 54 per cent compared with the average 10 per cent.

The following figures are taken from the Bank's recent balance sheet:

	1953	1954	1955
Capital and reserve	100	100	100
Ordinary deposits	100	100	100
Government deposits	100	100	100
Bank and Corporate	100	100	100
Treasury bills	100	100	100
Loans outstanding	100	100	100
Documentary credits	100	100	100

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### TEI AVIV STOCK MARKET

APRIL 19

Rate

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9% 1955 (reg.)

9% 1956 (reg.)

1949/50 (IL.100)

1950/51 (IL.100)

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9% Govt. Bonds large

Tel. Aviv 1954

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9% 1956

9% 1957

9% 1958